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EXAMINER

JANVIER, JEAN D

ART UNIT PAPER NUMBER

3622

DATE MAILED: 06/16/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

**Office Action Summary**

Application No.

09/375,005

Applicant(s)

SUGAHARA, YASUO

Examiner

Jean Janvier

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM  
THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☐ Responsive to communication(s) filed on \_\_\_\_.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-8,23,24 and 30 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-8,23,24 and 30 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)  
Paper No(s)/Mail Date \_\_\_\_.
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date \_\_\_\_.
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: \_\_\_\_.

***Continued Examination Under 37 CFR 1.114***

A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on May 31, 2005 has been entered and a Non-Final Action is submitted below.

**DETAILED ACTION**

***Specification***

**Status of the claims**

Claim 1-8, 23, 24 and 30 are currently pending in the Instant Application, while claims 9-22 and 25-29 are canceled.

***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

As an initial matter, the United States Constitution under Art. 1, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times

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to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F. 3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited

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mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter ... is statutory, not on whether the product of the claimed subject matter ... is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the

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court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*.

However, *State Street* never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See *Ex paene Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

Claims 24 and 30 are rejected under 35 U.S.C. 101 because the claimed invention is directed to a non-statutory subject matter. In fact, the process or steps disclosed in the claims pertains to a manual process and therefore, the claims do not fall within the technological art. In other words, the steps or process recited in the claims should be implemented via a device, such as a computer system, a database, a data communication, computer network, the Internet and so and so forth. Further, a mere recitation of "a computer-implemented method" in the preambles of the claims is not sufficient to render the claims statutory or overcome this rejection. The computer or Hardware should also be incorporated in the bodies of the claims,

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Claims 1 (including claims 2-8) and 23 are rejected under 35 U.S.C. 101 because the claimed invention pertains to a non-statutory class. Here, although the preambles of the claims recite "a computing apparatus", however, the bodies of the claims feature --computer codes-- or - - -computer instructions- - or software code per se, which is not statutory. Indeed, "a target customer finder", "a transaction tendencies analyzer" and "an information determiner" represent a software component rather than a piece of Hardware and/or means plus (means for) functions used in system or apparatus type-claim. Applicant should amend the claims by incorporating a - - means plus function- - in the bodies of the claims if the Applicant intends to claim an apparatus or a system. However, if the Applicant intends to claim a computer program product, then the Applicant should follow the following example-

A computer readable medium having encoded thereon a computer program comprising codes, **executed on a processor (optional)**, to perform the steps of:

finding a product to be replaced.....

searching a customer database for....

analyzing...

determining...

### ***Claim Rejections - 35 USC § 112***

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

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Regarding claims 1 (including dependent claims 2-8) and 23, the limitations recited therein " render the claims confusing and ambiguous. Here, although the preambles of the claims recite "a computing apparatus", however, the bodies of the claims feature --computer codes-- or - - -computer instructions- - or software codes per se in the form of "a target customer finder", "a transaction tendencies analyzer" and "an information determiner" module rather than a piece of Hardware and/or means plus (means for) functions used in system or apparatus type-claim. Hence, the claims are said to be confusing or ambiguous. For examination purpose, the claims will be broadly examined.

### ***Claim Rejections - 35 USC § 102***

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless -

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351 (a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

Claims 1-8, 24 and 30 are rejected under 35 U.S.C. 102 (e) for being anticipated by Jermyn, U.S Patent 6, 026, 370.



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As per claims 1-8, 24 and 30, Jermyn teaches a system for generating and mailing customized purchase incentives to selected customers based on the customers' prior purchase history accumulated, from a plurality of stores, over a long period of time and stored in a purchase history database. For a selected product category associated with a promotional theme (promotion introduction), the purchase history database is scanned or searched or analyzed to select a list or a group of qualified consumers who have bought (consumed) products (suitable to be replaced) in the same product category as a product (promotion product) featured in the promotional theme. In other words, each selected consumer's purchase transactions are analyzed to determine a profile, such as loyalty to a brand promoted in the promotional theme or to a competitor's brand or new to the selected product category. The consumer's profile is then used to customize a purchase incentive package or coupon related to a promotion product featured in the promotional theme, designed to keep, for example, a customer loyal to the promoted brand or cause a customer to switch to the promoted brand. The package or coupons or purchase incentives has imprinted thereon promotional themes or other materials to enhance the purchase incentives and the printed coupons are subsequently mailed to the selected customers or targeted consumers. In short, Jermyn teaches a system for storing consumers' transactions in a global purchase history database, selecting a product category for promotion (selecting a promotion product in a promoted product category), scanning the database for customers to determine consumers who have purchased items or products (suitable to be replaced) in the same category as the promoted product based on their stored prior purchase history. Subsequent to this determination, generating and mailing purchase incentives to the selected (targeted) consumers contingent upon the consumers prior

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purchase history (See abstract; cot. 1: 66 to cot. 3: 35; cot. 3: 66 to cot. 4: 5; cot. 6: 40 to cot. 8: 20).

In short, Jermyn discloses a system for providing a particular promotion to a plurality of customers based on their profile (purchase history and demographics). To do so, purchase transactions of many consumers, generally in different stores, are accumulated in a purchase history database over a long period of time and then used to generate customized incentive offers for selected consumers. For a selected product category, usually related to a promotional theme, the purchase history database is scanned to select consumers who have made purchases in the same product area as the selected product category. Then each selected consumer's purchase transactions are analyzed to determine a profile for the consumer, such as loyal to the Promoted brand, loyal to a competitive brand, or new to the selected product category or a purchaser or user of related products. The consumer profile is then used to customize a purchase incentive package generated for each consumer household. The package also includes other printed materials to enhance the purchase incentives (See abstract). Here, a product theme or the same particular promotion is being targeted at a plurality of customers based on each individual customer's product information or based on whether a targeted customer is loyal to the product brand featured in the theme or promotional or advertising message, loyal to a competitor's brand, new to the selected brand, etc., as read from each individual customer's profile or purchase history. It should further be recognized here that the content of the particular promotion or theme related to a product (within a category of products) may vary based on whether or not a targeted customer is loyal to the promoted brand, loyal to a competitor's brand, new to the promoted brand or a user of related brands. Furthermore, and contrary to the Applicant's conclusion, a product (from a category or group of related products) or a product brand is featured in the theme or particular promotion and a customer is targeted based on his affinity

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to the product brand (product) promoted or featured in the particular promotion or theme (fig. 3; col. 2: 13-22; col. 2: 37 to col. 3: 37 to col. 4: 35).

**Claim Rejections - 35 USC § 103**

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-8, 24 and 30 are rejected under 35 U.S.C. 103(x) as being unpatentable over Deaton et al. (hereinafter Deaton), US Patent 5,649,114 in view of Jermyn, US Patent 6, 026, 370.

As per claims 1, 24 and 30, Deaton et al teach a system for providing selective incentives to a customer if and only if the customer's or "transactor's" shopping history or transaction history or purchase history meets some predetermined criteria, such as demographics, recency, frequency, volume purchase data, timing of purchases or purchase cycle data, brand loyalty, coupon redemption data and customer price sensitivity data and infrequent purchase data, as set forth by a retailer. Upon analyzing the shopping history data or purchase history data using a program subroutine as disclosed in figs. 18 and 23-47 or any conventional data mining technique, a decision is made, subsequent to determining the customer's purchase habits or pattern or tendencies, on whether or not the said customer should

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receive a selective incentive and/or be targeted for a particular product promotion. See Col. 1: 66 to Col. 2: 4; Col. 65: 61 to Col. 67: **steps 40-46**; **Col. 68**: 8-16; Col. 71: 4 to Col. 72: 58.

Subsequent to analyzing the customer's purchase habits or transaction tendencies, determining or predicting the customer's tendency to purchase a particular product and upon finding this product that the customer will soon buy or replace next on a given due date, providing a coupon to the customer redeemable on this particular product (cot. 71: 31 to cot. 72: 58).

Further, it is to be understood that specification of the promoted product, such as a coffee brand, will be analyzed and compared to the specification of coffee brands previously purchased by the particular customer to thereby determine if the particular user or customer is a good prospect or candidate for the new promotion or new coffee brand, as disclosed in the art. Additionally, the step of selecting product introductions or product promotions to target the particular customer based on his prior transaction tendencies by issuing a coupon corresponding to a product promotion to the particular so as to encourage the customer to purchase the promoted product in an effort to patronize a new product is implicitly disclosed in the current reference (cot. 71: 31-67). Deaton further discloses mailing purchase incentives to targeted customers as opposed to providing the purchase incentives to the customers at the POS in accordance with the customers' prior transaction history, stored in a database, depicting the usage by the customers of particular products, brand loyalty or the customers' tendencies to consume a certain type of products or brand (cot. 63: 33-42; cot. 65: 20-24; cot. 66: 1-21; cot. 70: 57-59). Finally, it is understood that the providing of the purchase incentives to the customers is based on the customers' prior shopping history, but not on a current transaction and that the current transaction is simply used to determine if it is time to reward the customers

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while their accounts are open at the POS, as would have concluded one having ordinary skill in the art.

See in general cot. 65: 20-24; cot. 90: 36-50; cot. 93: steps 267-272; cot. 100: 64 to cot. 101: 13; col. 101: 48 to cot. 103: 45.

Although Deaton implicitly or explicitly supports most of the claim limitations, however, Deaton does not expressly disclose finding a product previously purchased by one or more customers, wherein the product is suitable to be replaced with a promotion product by comparing the specification of the **product previously purchased to the specification** of the promotion product (commodity).

However, Jermyn teaches a system for generating and mailing customized purchase incentives to selected customers based on the customers' prior purchase history accumulated, from a plurality of stores, over a long period of time and stored in a purchase history database. For a selected product category associated with a promotional theme (promotion introduction), the purchase history database is scanned or searched or analyzed to select a list or a group of qualified consumers who have bought (consumed) products (suitable to be replaced) in the same product category as a product (promotion product) featured in the promotional theme. In other words, each selected consumer's purchase transactions are analyzed to determine a profile, such as loyalty to a brand promoted in the promotional theme or to a competitor's brand or new to the selected product category. The consumer's profile is then used to customize a purchase incentive package or coupon related to a promotion product featured in

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the promotional theme, designed to keep, for example, a customer loyal to the promoted brand or cause a customer to switch to the promoted brand. The package or coupons or purchase incentives have imprinted thereon promotional themes or other materials to enhance the purchase incentives and the printed coupons are subsequently mailed to the selected customers or targeted consumers. In short, Jermyn teaches a system for storing consumers' transactions in a global purchase history database, selecting a product category for promotion (selecting a promotion product in a promoted product category), scanning the database for customers to determine consumers who have purchased items r products (suitable to replaced) in the same category as the promoted product based on their stored prior purchase history. Subsequent to this determination, generating and mailing purchase incentives to the selected (targeted) consumers contingent upon the consumers prior purchase history

(See abstract; col. 1: 66 to col. 3: 35; col. 3: 66 to col. 4: 5; col. 6: 40 to col. 8: 20).

In short, Jermyn discloses a system for providing a particular promotion to a plurality of customers based on their profile (purchase history and demographics). To do so, purchase transactions of many consumers, generally in different stores, are accumulated in a purchase history database over a long period of time and then used to generate customized incentive offers for selected consumers. For a selected product category, usually related to a promotional theme, the purchase history database is scanned to select consumers who have made purchases in the same product area as the selected product category. Then each selected consumer's purchase transactions are analyzed to determine a profile for the consumer, such as loyal to

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the promoted brand, loyal to a competitive brand, or new to the selected product category or a purchaser or user of related product s. The consumer profile is then used to customize a purchase incentive package generated for each consumer household. The package also includes other printed materials to enhance the purchase incentives (See abstract). Here, a product theme or the same particular promotion is being targeted at a plurality of customers based on each individual customer's product information or based on whether a targeted customer is loyal to the product brand featured in the theme or promotional or advertising message, loyal to a competitor's brand, new to the selected brand, etc., as read from each individual customer's profile or purchase history. It should further be recognized here that the content of the particular promotion or theme related to a product (within a category of products) may vary based on whether or not a targeted customer is loyal to the promoted brand, loyal to a competitor's brand, new to the promoted brand or a user of related brands. Furthermore, and contrary to the Applicant's conclusion, a product (from a category or group of related products) or a product brand is featured in the theme or particular promotion and a customer is targeted based on his affinity to the product brand (product) promoted or featured in the particular promotion or theme (fig. 3; col. 2: 13-22; col. 2: 37 to col. 3: 37 to col. 4: 35).

Furthermore, it is well established in the art that purchase histories of a plurality of consumers, stored in a database, can be searched or scanned to determine, for instance, customers who have previously purchased a competitor's product brand, Ragu spaghetti sauce for example, wherein these customers are being incentivized to cause them to switch to another brand, such as Campbell's Prego sauce, sponsored by a different manufacturer or Campbell's.

Therefore, an ordinary skilled artisan would have been motivated at the time of the invention to incorporate the above disclosures into Deaton's customized incentive system so as to select a promotion product from a promoted product category, search or scan a database containing consumers' purchase history and determine therein one or more consumers who have previously bought at least one product (suitable to be replaced) from the promoted product category and offer the one or more selected consumers coupons or purchase incentives redeemable on the promotion product, thereby rewarding the one or more selected or targeted customers for being loyal to a manufacturer's brand, while causing other customers who have previously purchased consumed a competitor's brand (product), from the same promoted product category, to switch to the manufacturer's brand (promoted product) upon redeeming a coupon associated with the promoted product.

As per claims 2 and 8, Deaton et al disclose a system for deciding on at least one customer's transaction habits or tendencies, such as product **loyalty** or brand **loyalty** or product preference, associated with at least one product type such as coffee listed in his/her purchase history data and subsequently providing to said customer an incentive or coupon, redeemable for a preferred product or a product used during a future transaction with a store (Col. 71: 31-45).

As per claims 3 and 7, Deaton et al disclose a system for detecting from a customer's transaction history a customer's transaction habits associated with a product type such as coffee (Col. 71: 31-45) and subsequent to detecting, providing an incentive or coupon to the said



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customer to buy a related or new product such as a coffee filter (Col. 71: 46-67) and upon scanning a product at the POS in a future transaction with a store, determining that at least one of the products purchased is indeed the coffee filter and if so applying the discount and finally storing the redemption data in a BCTT table in a database associated with CVC Master Controller of fig. 19 (fig. 22; Col. 77: step 1 to Col. 78: 10).

Claim 4 substantially recites the limitations of claim 2 and therefore, these limitations of claim 4 are rejected under a similar rationale. Claim 4 further recites a product rank instead of a product type. As per this feature, Deaton et al disclose a system for providing a selective incentive to a customer based on his transaction history. From the customer's transaction history data, transaction habits or tendencies, such as product preference, product heavily used (high ranking), product loyalty or brand loyalty or product infrequently used (low ranking) can be determined so that the customer can further be targeted (Col. 71: 31-67).

Claim 5 substantially recites the limitations of claim 3 and therefore, these limitations of claim 5 are rejected under a similar rationale. Claim 5 further recites a product rank instead of a product **type**. As per this feature, Deaton et al disclose a system for providing a selective incentive to a customer based on his transaction history. From the customer's transaction history data, transaction habits or tendencies, such as product preference, product heavily used (high ranking), product loyalty or brand loyalty or product infrequently used (low ranking) can be determined so that the customer can further be targeted (Col. 71: 31-67).

As per claim 6, Deaton et al disclose a system for deciding on at least one or more customer's transaction habits or tendencies, such as product **loyalty** or brand loyalty, product preference or product frequency purchase, associated with at least one product type such as coffee listed in his/her purchase history data and subsequently providing to said customer an incentive or coupon, redeemable for a preferred product or a product used during a future transaction with a store (Col. 71: 31-45). Deaton et al further disclose a system for providing a selective incentive to a customer based on his transaction history. From the customer's transaction history data, transaction habits or tendencies, such as product preference, product heavily used (high ranking), product loyalty or brand loyalty or product infrequently used (low ranking), can be determined so that the customer can further be targeted (Col. 71: 31-67).

#### **Claim Rejections - 35 USC § 103**

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claim 23 is rejected under 35 U.S.C. 103(a) as being unpatentable over Deaton, US Patent 5,649,114 in view of Jermyn, US Patent 6, 026, 370.

As per claim 23, Deaton et al teach, among other things a system for targeting customers based on factors such as demographics, recency, frequency, volume purchase data,

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timing of purchases or purchase cycle data, brand loyalty, coupon, redemption data and custom price sensitivity. These factors are used to develop coupon lists, associated with customers' transaction habits or tendencies, which are spooled to a coupon printer for delivery to the customers at the checkout register. Alternatively, the coupon lists may be spooled to an electronic medium, such as customers' smart cards, or a store's system controller mass storage device for automatic electronic redemption on a future bill (figs. 19-45).

Furthermore, Deaton et al teach a system for providing selective incentives to a customer or "transactor" if and only if the customer's or "transactor's" shopping history or transaction history or purchase history meets some predetermined criteria, such as demographics, recency, frequency, volume purchase data, timing of purchases or purchase cycle data, brand loyalty, coupon redemption data and custom price sensitivity data and infrequent purchase data, as set forth by a retailer. Upon analyzing the shopping history data or purchase history data using a program subroutine as disclosed in figs. 18 and 23-47 or any conventional data mining technique, a decision is made, subsequent to determining the customer's purchase habits or pattern or tendencies, on whether or not the said customer should receive a selective incentive and/or be targeted for a particular product promotion.

See Col. 1: 66 to Col. 2: 4; Col. 65: 61 to Col. 67: steps 40-46; Col. 68: 8-16; Col. 71: 4 to Col. 72: 58.

In addition, Deaton teaches a system wherein a customers' purchase history, such as price sensitive data, volume purchase data, frequency of shopping data, brand loyalty data and so on, is used not only to target the customers by offering different categories of discount coupons (coupon A, coupon M, standard coupon, echo coupon etc) redeemable on particular

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promotional products to the said customers, but also to anticipate or predict what the customers will purchase next and prepare a specific promotional package to target these particular customers (cot. 71: 30-45 and steps 200-211; cot. 100: 64 to cot. 101: 13; cot. 101: 48 to cot. 103). Deaton, for example, clearly points out that transaction tendencies or patterns can be used to at least divide customers into two groups, that is customers who are price sensitive and those who are not. Based on this grouping, two different promotional messages regarding a particular promoted product will be generated. The customer who is price sensitive will receive a coupon with a higher value to encourage him to buy the promoted product while the other customer will receive a coupon with a lower value to buy the promoted product, as depicted in col. 93: step 272.

Deaton further discloses mailing purchase incentives to targeted customers as opposed to providing the purchase incentives to the customers at the POS in accordance with the customers' prior transaction history, stored in a database, depicting the usage by the customers of particular products, brand loyalty or the customers' tendencies to consume a certain type of products or brand (cot. 63: 33-42; col. 65: 20-24; col. 66: 1-21; cot. 70: 57-59). Finally, it is understood that the providing of the purchase incentives to the customers is based on the customers' prior shopping history, but not on a current transaction and that the current transaction is simply used to determine if it is time to reward the customers while their accounts are open at the POS, as would have concluded one having ordinary skill in the art.

Although Deaton implicitly or explicitly supports most of the claim limitations, however, Deaton does not expressly disclose a system for finding a product previously

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purchased by one or more customers, wherein the product is suitable to be replaced with a promotion product by comparing the specification of the product previously purchased to the specification of the promoted product (commodity) and for categorizing a customer's transaction tendency or trend or habit by purchasing speed and system type purchasing as read from the customer's past transaction data.

However, Jermyn teaches a system for generating and mailing customized purchase incentives to selected customers based on the customers' prior purchase history accumulated, from a plurality of stores, over a long period of time and stored in a purchase history database. For a selected product category associated with a promotional theme (promotion introduction), the purchase history database is scanned or searched or analyzed to select a list or a group of qualified consumers who have bought (consumed) products (suitable to be replaced) in the same product category as a product (promotion product) featured in the promotional theme. In other words, each selected consumer's purchase transactions are analyzed to determine a profile, such as loyalty to a brand promoted in the promotional theme or to a competitor's brand or new to the selected product category. The consumer's profile is then used to customize a purchase incentive package or coupon related to a promotion product featured in the promotional theme, designed to keep, for example, a customer loyal to the promoted brand or cause a customer to switch to the promoted brand. The package or coupons or purchase incentives have imprinted thereon promotional themes or other materials to enhance the purchase incentives and the printed coupons are subsequently mailed to the selected customers or targeted consumers.

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In short, Jermyn teaches a system for storing consumers' transactions in a global purchase history database, selecting a product category for promotion (selecting a promotion product in a promoted product category), scanning the database for customers to determine consumers who have purchased items or products (suitable to replaced) in the same category as the promoted product based on their stored prior purchase history. Subsequent to this determination, generating and mailing purchase incentives to the selected (targeted) consumers contingent upon the consumers prior purchase history

(See abstract; col. 1: 66 to col. 3: 35; col. 3: 66 to col. 4: 5; col. 6: 40 to col. 8: 20).

Furthermore, it is well established in the art that purchase histories of a plurality of consumers, stored in a database, can be searched or scanned to determine, for instance, customers who have previously purchased a competitor's product brand, Ragu spaghetti sauce for example, wherein these customers are being incentivized to cause them to switch to another brand, such as Campbell's Prego sauce, sponsored by a different manufacturer or Campbell's.

Additionally, using a customer's past shopping transaction stored in a dealer's or retailer's database or information provided to a system manufacturer or distributor by the customer on a product or computer system registration form, a retailer or more specifically a computer distributor or manufacturer can target a specific customer based on his purchasing tendencies or transaction tendencies or habits, extracted from the retailer's database or system registration form, including, but not limited to, system speed (high-end, low-end or entry level, standard or mid-range), system type (brand's name, OEM or IBM compatible or clones or custom-built or built-to-

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order system), notebook or laptop, desktop (desktop case or tower case or housing), and so on. For example, many small entrepreneurs, involved in the sales of custom-built PCs, encourage their customers to trade in their old systems in an effort to boost new system sales, wherein the dollar values associated with the trade ins are used to discount or reduce the price of new systems, regardless of the source of the old or legacy systems. Subsequently, the old systems can be sold by the small entrepreneurs, as it or after an upgrade, to other customers in the USA or abroad, especially in Third World countries, in need for systems at discounted prices. Further, the old or legacy systems can be donated, as it or after an upgrade, to non-profit organizations by the small entrepreneurs, wherein the entrepreneurs can use the dollar values related to the donations of the old systems to reduce their business income tax. In the event the old or legacy systems (low performers) are not sold, they can be taken apart or salvaged and the various components can be used by the small entrepreneurs to conduct hands-on activities in PC Tech classes. PC Tech students sometimes have to buy these old components from third parties in order to practice the skills taught in training classes. Moreover, there are companies in the USA that are involved in the recycling of unwanted old computers by removing the silicon chips and other important chips useful in other electronic circuits, thereby preventing individual customers or corporations from dumping these old computers in the open field, which can create an environmental problem or crisis. Finally, Gateway 2000, a computer manufacturer, upon selling a new computer system to a customer promises or advertises that the customer can trade in this new system (later on low performer) in two years for a brand new and more powerful computer system using the dollar figure associated with the trade in to reduce the price of the new powerful system, thereby converting a one time customer into a

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loyal customer by maintaining a business relationship with the said customer while bringing him/her back to a Gateway Country store or Gateway website to complete the trade in and hence receive the new and more powerful computer system, subsequent to paying a balance due, as promised. ("Official Notice")

Therefore, an ordinary skilled artisan would have been motivated at the time of the invention to incorporate the above disclosures into Deaton's customized incentive system so as to include computer systems as products or commodities sold at participating retailers and suitable to be replaced or updated in the near future and record in a database, in a manner similar to recording other consumers' transaction data, a plurality of customers' transactions involving the purchases of the computer systems (low performers), wherein transaction data related to system speed (high-end, low-end or entry level, standard or mid-range), system type (brand's name, OEM or IBM compatible or clones or custom-built or built- to- order system), notebook or laptop, desktop (desktop case or tower case or housing) and date of purchases are recorded or stored in the database and used to further target the customers who have bought those systems (low performers) by providing the customers with a discount coupon on a newly promoted computer system (promoted product or high performer), based on the speed, type and purchase date of previously purchased computer systems, in an effort to boost sales of the new computer system while maintaining a good relationship (custom loyalty) with the customers by bringing them back to a participating retailer's store to redeem the coupon upon by purchasing the newly promoted system (better performer), thereby preventing the targeted customers from buying a similar or comparable system from a 'competitor, while encouraging them to



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patronize a participating store since the customers can only redeem the discount coupon at a participating or specific POS upon purchasing the brand new and more powerful system.

### ***Response to Arguments***

First of all, the Examiner maintains the 101 Rejection despite the fact that the Applicant amends the preambles of some of the claims in questions. In order to be in the technological art, the bodies of the claims should incorporate the use of computer hardware or a device regardless of the introduction of computer hardware or device in the preambles of the claims. Applicant's associated arguments are fully addressed above.

Second of all, Applicant's arguments regarding the art rejection are incomplete for failure to take into consideration the publicly disclosed materials cited by the Examiner. Furthermore, the Office Action has fully addressed the argued limitations, which had been submitted and dealt with in the past. Applicant is herein invited once again to contact the Examiner and schedule a face-to-face interview, along with the inventor if possible, before responding to the Office Action, to fully discuss these issues, thereby establishing or defining the patentable subject. Indeed, upon reading the Applicant's arguments, it appears that the meanings of terms in the claims are the basis of the arguments rather the inventive concept itself. Please review the references cited in the conclusion section for their relevance.

### **Conclusion**

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The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

US Patent 5,974,396 Anderson discloses a method of and a system for gathering and analyzing customer and purchasing information permits a retailer or retail chain to process transactional information involving large numbers of consumers and consumer products. Product information is gathered that uniquely identifies a specific product by type and manufacturer and grouped into generic product clusters. Consumers are similarly grouped into consumer clusters based on common consumer demographics and other characteristics. Consumer retail transactions are analyzed in terms of product and/or consumer clusters to determine relationships between the consumers and the products. Product, consumer, and transactional data are maintained in a relational database. Targeting of specific consumers with marketing and other promotional literature is based on consumer buying habits, needs, demographics, etc. A retailer queries the database using selected criteria, accumulates data from the database in response to that query, and makes prudent business and marketing decisions based on that response. Queried information from the database may be communicated to a printing subsystem for printing promotional literature directed to particular customers based on cluster information stored in the database (channel hub). See abstract; Col. 2: 24 to Col. 4: 60.

US Patent 5,459,306 to Stein a method and system for delivering product picks to a prospective individual user. Personal user information is gathered. Information on a user's use of a product during product use is gathered, correlated and stored. A user code provided to the user

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is correlated with the user information and the use information. The user information and the use information are classified based on use of the product. Classes of information potentially relevant to future purchases are identified. Product picks (promotions and recommendations) are delivered based on the classified information and the user information, responsive to an inquiry on behalf of the user.

Any inquiry concerning this communication from the Examiner should be directed to Jean D. Janvier, whose telephone number is (571) 272-6719. The aforementioned can normally be reached Monday-Thursday from 10:00AM to 6:00 PM EST. If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's Supervisor, Mr. Eric W. Stamber, can be reached at (571) 272- 6724.

Non-Official- 571-273-6719

04/16/05

JDJ

**Jean D. Janvier**

Patent Examiner

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**JEAN D. JANVIER  
PRIMARY EXAMINER**

A handwritten signature in cursive script, appearing to read "Jean D. Janvier", written over the printed name and title.